Supreme Court, U.S.
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No. 97-___

IN THE

Supreme Court of The United States

OCTOBER TERM, 1997

ALTAI, INC.,

Petitioner,

v.

COMPUTER ASSOCIATES INTERNATIONAL, INC.,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether a prevailing defendant, having obtained a final judgment from a United States federal court adjudicating worldwide claims of copyright infringement, is entitled to a foreign antisuit injunction against a United States plaintiff that is relitigating the same claim in the courts of another member of the Berne Convention, if that country does not recognize the preclusive effect of a United States final judgment?

RULE 29.6 LISTING

Pursuant to Rule 29.6 of the Rules of the Supreme Court of the United States, Altai, Inc. states that it is a Texas corporation. On August 23, 1995, during the course of these proceedings, Altai, Inc. became a wholly-owned subsidiary of Platinum *technology, inc.*, an Illinois corporation.

PARTIES TO THE PROCEEDINGS

Altai, Inc. was the defendant–appellant below and is the petitioner in this Court.

Computer Associates International, Inc. was the plaintiff – appellee below and is the respondent in this Court.

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PETITION FOR WRIT OF CERTIORARI

Altai, Inc. petitions for a writ of certiorari to review a judgment of the United States Court of Appeals for the Second Circuit entered in this case.

OPINIONS BELOW

The opinion of the court of appeals for which petitioner seeks the Court's review is reported at 126 F.3d 365 and reprinted in the appendix hereto ("App.") at 1a. This opinion affirms a memorandum and order of the district court reported at 950 F. Supp. 48 and reprinted at App. 17a. That judgment denied petitioner's motion for a foreign antisuit injunction to enforce a 1991 final judgment, entered pursuant to a prior memorandum and order of the district court, reported at 775 F. Supp. 544 and reprinted at App. 88a. The court of appeals affirmed the 1991 final judgment in an opinion reported at 982 F.2d 693 and reprinted at App. 31a.

JURISDICTION

The judgment of the Court of Appeals for the Second Circuit for which the Court's review is sought was entered on September 25, 1997. App. 1a. A petition for rehearing and a suggestion for rehearing en banc was filed and denied. App. 150a. The mandate issued on December 15, 1997. App. 151-52a.

The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1) (1994).

STATUTORY PROVISION INVOLVED

On March 1, 1989, the United States became a member of the Berne Convention for the Protection of Literary and Artistic Works, revised at Paris, July 24, 1971 ("the Berne Convention"), a multinational treaty concerning the mutual recognition and enforcement of copyrights. The terms and conditions under which Congress agreed to allow the United States to participate in the Berne Convention are set forth in the Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988) ("the Berne-Implementation Act"), and is reprinted in App. 168-82a. The core principle of that Act states:

> No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or State statutes, or the common law, shall not be expanded or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto.

17 U.S.C. § 104(c) (1994). App. 172a.

STATEMENT OF THE CASE

A. An Overview Of The Litigation In The United States And France.

This dispute has been litigated for ten years in the federal courts of the United States and in France.

1. The Litigation in The United States.

Computer Associates International, Inc. ("CA") and Altai, Inc. ("Altai") are United States companies that develop software that operates IBM mainframe and similar computers. These products are sold in the United States and other countries around the world, including France. In 1988, CA filed a complaint in a United States federal court alleging that Altai infringed CA's United States copyright. CA amended its complaint several months before trial to ensure that its claims covered *all* of Altai's products.

In 1991, the United States District Court for the Eastern District of New York ("the district court") issued a Memorandum and Order, which held that an Altai interface program known as OSCAR 3.4 infringed CA's copyright. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 775 F. Supp. 544, 560-61 (E.D.N.Y. 1991) ("*Altai I*"). App. 88, 123a. CA was awarded worldwide damages for this claim. *Id.* at 571-72. App. 145-47a. The district court also held that a different Altai program, OSCAR 3.5, did not infringe CA's copyright. *Id.* at 561-62, 572-73. App. 123-26, 147a. No damages were assessed with respect to this claim. *Id.* A final judgment was entered on August 12, 1991. App. 166a. The United States Court of Appeals for the Second Circuit ("the Second Circuit" or "the court of appeals") affirmed this judgment on December 17, 1992. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 698-701 (2d Cir. 1992) ("*Altai II*") App. 31, 69-75a.

2. The Litigation in France.

On March 1, 1989, the Berne-Implementation Act became effective and the United States joined the Berne

Convention. App. 168-82a. This Act enabled the owners of a United States copyright to file actions for copyright infringement in the courts of other Berne members and receive "national treatment," which means that "authors should enjoy in *other* countries the same protection for their works as those countries accord their own authors." *See 4* Melville B. Nimmer & David B. Nimmer, *Nimmer on Copyright* § 17.01[B][1] at 17-8 (1997 ed.)(emphasis in original) [hereinafter *Nimmer on Copyright*].

In January 1990, several months before the case was tried in the United States, CA initiated a copyright-infringement action against Altai and its French independent distributor S.A.R.L. ("FASTER"), alleging that OSCAR 3.5 infringed CA's copyright under French law. App. 188-95a (222-29a).[1] On October 28, 1994, a trial date of November 25, 1994 was announced in CA's French action. App. 195a (229a). On November 16, 1994, Altai filed a motion with the district court seeking a foreign antisuit injunction to prevent CA from continuing to litigate its French action.

Since the district court could not hear Altai's motion before the French trial began, Altai appeared before the French court and defended its interests to avoid a default judgment. Altai objected, however, to the French court's assertion that it had jurisdiction over Altai or jurisdiction over CA's continued claim that OSCAR 3.5 violated French copyright law. App. 199-202a (233-36a). The French court determined in a January 20, 1995 opinion that Altai and CA's French claim were subject to its jurisdiction -- and that OSCAR 3.5 did not infringe French copyright law. App. 205-14a (239-50a). CA's appeal of that decision has been pending in France since April 1995.

On June 17, 1996, the district court finally ruled -- denying Altai's motion for a foreign antisuit injunction

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[1] Appendix references to the January 20, 1995 decision and order of the Tribunal de Commerce in Bobigny, France first provide the relevant page of the English translation, followed by the relevant page of the original French document, noted within parenthesis.

against CA. App. 17-30a. The Second Circuit affirmed this judgment on September 25, 1997. App. 1-16a. The mandate issued on December 15, 1997, after Altai's petition for rehearing and suggestion for rehearing en banc was denied. App. 151-52a.

The parties and claims associated with these parallel proceedings will now be discussed in greater detail.

B. The Copyright-Infringement Claims Subject To A Final Judgment Entered Under United States Law.[2]

In August 1988, CA, a Delaware corporation, sued Altai, a Texas corporation, for copyright infringement and trade-secret misappropriation, invoking the jurisdiction of the United States District Court for the District of New Jersey under 28 U.S.C. § 1338(a) and 28 U.S.C. § 1332.

During the investigation of these allegations, Altai's management learned that one of its programmers had used CA source code to write an interface program, known as OSCAR 3.4, which enabled Altai's proprietary products to work with different operating systems. Altai did not know of, nor authorize, its employee's wrongful conduct, and took immediate corrective action. On the advice of counsel, Altai programmers with no prior exposure to OSCAR 3.4 wrote a "clean" program, named OSCAR 3.5. This program was integrated into all of Altai products and sent to all its customers, including independent distributors located outside of the United States. The replacement process began in November 1988 and was completed by July 31, 1989.

In March 1989, CA and Altai agreed to transfer the case to the United States District Court for the Eastern District of New York, where CA maintains its principal place of business. On October 26, 1989, Judge George C. Pratt, a member of the United States Court of Appeals for the Second Circuit, was designated to sit as the trial judge.

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[2] The facts set forth in this section of the petition are settled and are discussed at length in *Altai I* and *Altai II*. App. 31-149a.

On November 20-21, 1989, pursuant to a discovery request, CA was provided with all of Altai's foreign-distributor agreements and records of foreign sales. Shortly thereafter, CA amended its complaint to clarify that CA's copyright-infringement claims were applicable to *all* Altai products. *See* First Amended and Supplemental Complaint (Jan. 8, 1990), *Altai I*.[3] Although none of CA's complaints specified exactly where the alleged acts of infringement took place, each stated that CA "has complied with the provisions of the 1976 Copyright Act, 17 U.S.C. § 101 *et seq.*, and *all other laws governing copyright* to secure the exclusive rights and privileges in and to [CA's] copyright." *See* Complaint ¶ 23, at 6 (Aug. 26, 1988), *Altai I*; First Amended and Supplemental Complaint ¶ 23, at 7 (Jan. 8, 1990), *Altai I*; Second Amended Complaint ¶ 23, at 7 (Apr. 6, 1990), *Altai I* (emphasis added).

Judge Pratt presided over a bench trial from March 28, 1990 to April 6, 1990, during which CA introduced expert testimony to support its copyright-infringement claims regarding OSCAR 3.4 and OSCAR 3.5 and to justify entitlement to worldwide relief. *See Altai I*, 775 F. Supp. at 567. App. 136a; *see also* Direct Testimony of Robert J. Larner (CA's damage expert) at 16 (Mar. 12, 1990), *Altai I* (calculating damages on Altai profits of $6,890,689: $2,781,220 domestic and $4,109,468 foreign). Altai also offered expert damage testimony based on Altai's worldwide sales and profits. *See* Direct Testimony of Burton Grad, (Altai's damage expert) and Exhibits C-J, (Mar. 12, 1990), *Altai I*.

On August 9, 1991, the district court issued a Memorandum and Order adjudicating CA's copyright-infringement claims. *See Altai I*, 775 F. Supp. 544. App. 88a. For the infringement attributed to OSCAR 3.4, which Altai did not contest, Judge Pratt awarded CA damages that included Altai's worldwide profits. *See Altai I*, 775 F. Supp.

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[3] On January 23, 1990, CA also initiated an action in France against Altai for copyright infringement, which is discussed below.

at 572 (referring to Direct Testimony of Burton Grad (Altai's damage expert) at Exhibit E, listing all Altai's foreign profits). App. 146-47a. But, Judge Pratt also held that OSCAR 3.5 did not infringe CA's copyright and assessed no damages on that claim. *See Altai I*, 775 F. Supp. at 561-62, 573. App. 123-26, 147-48a. CA appealed. On December 17, 1992, the Second Circuit affirmed the district court's final judgment as to CA's copyright-infringement claims. *See Altai II*, 982 F.2d at 701-15, 721. App. 69-74, 86a. A final judgment was entered and the mandate issued on January 8, 1993.[4] App. 162-63a.

Prior to trial, CA moved to modify the terms of the protective order, under which it had obtained a copy of source code for OSCAR 3.4 and OSCAR 3.5 source code and other confidential information, so it could be used by CA, to prosecute the French action. In support of its motion, CA told Judge Pratt that the French action was "*virtually identical* to those claims that formed the basis of CA's initial [United States] complaint in this action." CA Memorandum for Modification of Protective Order at 4 (Mar. 9, 1990), *Altai I* (emphasis added); *see also* App. 200a. Altai countered that CA violated the protective order by using information discovered in the district court case to initiate the French

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[4] CA's complaint also alleged trade-secret misappropriation. Those claims, however, were remanded by the Second Circuit for further proceedings. *See Altai II*, 982 F.2d at 717-21. App. 75-86a. On remand, Judge Pratt ruled that CA's trade-secret claims were barred by the statute of limitations and that Texas would not extend its discovery rule to such claims. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 832 F. Supp. 50, 54 (E.D.N.Y. 1993). CA appealed. The Second Circuit certified to the Supreme Court of Texas the question of whether Texas would apply "the discovery rule exception to [the statute of limitations] to claims for misappropriation of trade secrets." *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 22 F.3d 32, 37 (2d Cir. 1994). App. 158a. On April 3, 1996, the Second Circuit issued a mandate dismissing CA's trade-secret claims, after the Supreme Court of Texas held, in *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 918 S.W. 2d 453 (Tex. 1996), that the discovery rule would not be applied to bar the application of the statute of limitations in trade-secret misappropriation cases in Texas. App. 154-59a.

proceeding. After the trial, CA renewed its motion to modify the protective order. Altai repeated its objection. Ultimately, CA's motion was denied. *See Altai I*, 775 F. Supp. at 573. App. 148-49a. CA did not appeal this aspect of the district court's decision. *See Altai II*.

C. The Copyright-Infringement Claim Being Relitigated In France.

On January 1, 1988, Altai signed an agreement authorizing FASTER to serve as Altai's exclusive distributor in France. At that time, Altai's products used the OSCAR 3.4 interface, since Altai did not know that OSCAR 3.4 infringed CA's copyright until August 1988. *See Altai I*, 775 F. Supp. at 554. App. at 109a.

On March 1, 1989, the Berne-Implementation Act became effective and the United States became a member of the Berne Convention. App. 168-82a. This Act enabled owners of a United States copyright to file actions for copyright infringement in the courts of other Berne member countries and receive "national treatment." On January 22, 1990, approximately two months before trial commenced in the district court, CA and a private French trade association, L'Agence pour la Protection des Programmes ("L'Agence"), secured an *ex parte* order from the Tribunal de Grande Instance,[5] in Bobigny, France, authorizing *saisie-contrefaçon*. App. 188a (222a). During a raid on FASTER's offices, CA seized all of FASTER's business records and five tapes of computer programs, containing the rewritten OSCAR 3.5

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[5] A Tribunal de Grande Instance is a regional French court of general civil jurisdiction, the members of which are professional jurists. The presiding judge of this court has exclusive jurisdiction to order *saisie-contrefaçon*, the *ex parte* seizure and suspension of computer software suspected of infringing French copyright law. Only parties with civil status, like L'Agence, may seek this remedy. *See Mellville B. Nimmer & Paul E. Geller, International Copyright Law and Practice*, § 8, at FRA-119-20, § 9[2], at FRA-124-27 (1991 ed.) (hereinafter *Nimmer & Geller*).

interface. App. 188, 207a (222, 241a). CA found no computer programs with OSCAR 3.4 because they already had been withdrawn from the market. *See Altai I*, 775 F. Supp. at 554. App. 111a. ("Delivery of OSCAR 3.5 to all Altai customers, new and existing, was completed by July 31, 1989.").

On February 15, 1990, CA filed an action against Altai and FASTER in the Tribunal de Commerce in Bobigny France ("Commercial Court")[6] alleging violations of French copyright law.[7] App. 189-90a (222-24a). On April 23, 1990, the Cour d'Appel in Paris[8] affirmed an order of the Commercial Court enjoining FASTER from marketing any Altai products in France until FASTER posted a bond of five million francs. App. 188a (222a). FASTER could not comply and went out of business. App. 213a (248a). On September 25, 1990, the Commercial Court appointed a liquidator to conclude FASTER's business affairs. App. 213a (248a).

In January 1993, the Second Circuit's judgment in *Altai II* became final, affirming the final judgment entered in *Altai I* with respect to CA's copyright-infringement claims. App. 162-63a. At that time, the Commercial Court had not yet considered the merits of CA's French suit. Because France does not automatically recognize or enforce a final judgment of

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[6] A Tribunal de Commerce is a French court with jurisdiction limited exclusively to civil disputes between commercial parties. *See Nimmer & Geller, supra*, § 8[4], at FRA-118; *Allendale Mut. Ins. Co. v. Bull Data Sys.*, 10 F.3d 425, 429-30 (7th Cir. 1993).

[7] With the enactment of Article 47 of the Law of July 3, 1985, computer software was brought within the scope of the Law of March 11, 1957, the statutory framework protecting copyright in literary and artistic property in French law. *See Nimmer & Geller, supra*, § 1, at FRA-8-11; §§ 2-6, at INT-14-173.

[8] A Cour d' Appel is an intermediate French appellate court that conducts *de novo* review of issues appealed from decisions of the Tribunals and Commercial Courts, within an assigned geographic region. *See Nimmer & Geller, supra*, § 8[4], at FRA-118.

a United States court,[9] Altai requested, and the Commercial Court granted, a stay of its proceedings so that Altai could obtain the necessary documentation from the Clerk of the Second Circuit to seek an *exequatur*.[10] App. 160-65a. On June 21, 1993, the Tribunal de Grande Instance in Paris granted Altai an *exequatur*, with the following qualification: "It is appropriate to render [this] decision [*Altai II*] enforceable in France so that the Altai company may advantageously introduce it into the arguments in the litigation between it and the C.A. company before the Commercial Court of Bobigny, *which is solely responsible for appreciating its impact on the outcome of the proceeding before it.*" App. 206a (240a). (emphasis added). The Tribunal de Grande Instance provided no rationale for the addition of this language.[11]

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[9] The United States and France are not parties to a bilateral treaty that affords reciprocal recognition and enforcement of judgments. *See* Ronald A. Brand, Enforcing Foreign Judgments in the United States and United States Judgments Abroad 99-100 (1992 ed.) (hereinafter *Brand*).

[10] An *ordonnance d'exequatur* is "the legal procedure by which foreign judgments are given *force exécutoire*, i.e., are given *res judicata* effect and rendered enforceable, in France." Thomas E. Carbonneau, *The French Exequatur Proceeding: The Exorbitant Jurisdictional Rules of Articles 14 and 15 (Code Civil) As Obstacles To The Enforcement of Foreign Judgments in France*, Hastings Int'l & Comp. L. Rev. 307, 309 (1979) (hereinafter *Carbonneau*). To obtain an *exequatur* a foreign final judgment must meet five conditions: "(i) the rendering court had jurisdiction, and the French courts did not, by French standards, have exclusive jurisdiction; (ii) the procedure was regular; (iii) the foreign court applied the law that would have been applicable under French conflict of laws rules, or reached a substantially equivalent result; (iv) the foreign judgment does not offend French public policy; and (v) there was no evasion of mandatory rules of law." Restatement (Third) of the Foreign Relations Law of the United States § 481 Reporters' Note 6 (c) (1987); *Carbonneau*, *supra*, at 311; *Brand*, *supra*, note 9, at 100-107.

[11] Article 14 of the French Civil Code, [C. Civ.] art. 14 (Fr.), provides: " A foreigner, even if he is a non-resident of France, may be sued before the French courts, for the performance of the obligations he undertook in France toward a French national; he may be sued before the French courts with respect to the obligations he undertook in a foreign country toward

D. The Postjudgment Proceedings In The United States And France

It was not until October 28, 1994--almost two years after the Second Circuit affirmed the district court's final judgment--that the Commercial Court scheduled a trial to determine whether Altai's OSCAR 3.5 program infringed CA's copyright. App. 195 (229a). On November 16, 1994, Altai returned to the district court seeking a foreign antisuit injunction to prohibit CA from continuing its French copyright action. App. 8a. Altai did not ask the district court to enjoin L'Agence from litigating any claim that it may have under French law, since L'Agence was not a party to the proceedings in *Altai I* or *Altai II*.

To avoid the entry of a default judgment in France, Altai appeared at the Commercial Court trial and defended against CA's claim that OSCAR 3.5 violated French copyright law.[12] Altai objected, however, to that court's assertion of personal

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French nationals." Translation appearing in *Brand*, *supra*, note 9, at 101 n.10. Article 15, [C. Civ.] art. 15 (Fr.) further provides: " A French national may be sued before a French court for the obligations he undertook in a foreign country even with a foreigner." *Id.* Together, these articles of the French Civil Code Civil "have been interpreted to give French courts exclusive jurisdiction to hear matters involving French nationals." *Carbonneau*, *supra* note 11, at 314; *see also Brand*, supra, note 9, at 103 ("If the French courts had exclusive jurisdiction pursuant to a French rule of jurisdiction [*e.g.*, the presence of a French party], the foreign court is deemed to have lacked jurisdiction over the dispute, and the enforcement [of a foreign judgment] will be refused.")

Both L'Agence, CA's copetitioner, and Altai's distributor, FASTER, were French "nationals," although L'Agence appears no longer to be a party to CA's suit, *infra*, note 13, and FASTER went out of business on September 25, 1990. App. 213a (248a).

[12] After receiving Altai's motion, Judge Pratt convened a telephone conference to inform the parties that he had just announced his retirement and, therefore, was unlikely to be able to hear the motion before the French court's November 25, 1994 trial date. Shortly thereafter, Altai's motion was returned to the clerk for reassignment. On December 8, 1994, the motion was reassigned to Judge Denis R. Hurley of the Eastern District of New York. App. 19a.

jurisdiction over Altai and CA's continued claim that OSCAR 3.5 violated French copyright law. App. 199-201a (233-35a). Nevertheless, on January 20, 1995, the Commercial Court ruled that it had personal jurisdiction over both. App. 205-07a (239-42a). *See Carbonneau, supra*, at 314; *Brand, supra*, at 103. That court further declined to recognize the preclusive effect of the final judgments entered in *Altai I* and *Altai II*, but ultimately concluded that OSCAR 3.5 did not violate French copyright law. App. 205-13a (239-48a). CA filed an appeal with the Cour d' Appel in Paris, where it has been pending since April 1995.[13] App 8a.

Despite the final judgments entered in *Altai I* and *Altai II* and the Commercial Court's decision that OSCAR 3.5 did not violate French copyright law, Judge Hurley issued a Memorandum and Order on June 16, 1996 denying Altai's motion to enjoin CA from continuing to maintain its French copyright action. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 950 F. Supp. 48 (E.D.N.Y. 1996). App. 17-31a.

E. The Opinion Of The Court Of Appeals

On October 14, 1996, Altai appealed the district court's decision to the Second Circuit. Oral argument was held on March 3, 1997. On March 12, 1997, the Second Circuit invited the parties to submit posthearing briefs on the question of "whether and to what extent the Berne Convention affects the ability of a United States federal court to issue the anti-suit injunction requested by Altai in this case." App. 153a.

On September 25, 1997, the Second Circuit affirmed the district court's decision. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d 365 (2d Cir. 1997). App. 1-16a. Although the Second Circuit conceded that Altai "may experience as vexatious [CA's] decision to pursue its rights in France," the court concluded that a foreign antisuit injunction was "not necessary to protect our jurisdiction or the integrity

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[13] L'Agence no longer appears to be a party to CA's French action, since its name did not appear on the notice of appeal to the Cour d' Appel in Paris or the most recent scheduling order of that court.

of our judgment, . . . [CA]'s decision to pursue its rights in France, . . . would in no way affect the decision rendered by a court of the United States." *Id.* at 372. App. 16a. "In short, the action in this country involved violations of [CA]'s United States copyright, and the French action involves violations of [CA]'s French copyright. We can discern no basis for enjoining [CA] from pursuing its French action; moreover the interests of comity caution against such an injunction." *Id.* App. 16a. The court of appeals further ruled that it did not need to "decide whether the *China Trade*[14] factors [for issuing a foreign antisuit injunction] are inapplicable when a final judgment issues in a United States action." *Id.* App. 16a. The opinion does not mention the Berne-Implementation Act, which provided the authority under United States law for CA to file its French action in 1990.

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[14] *See China Trade & Dev. Corp. v. M.V. Choong Young*, 837 F.2d 33 (2d Cir. 1987) (Pratt, J.). The Second Circuit held that a foreign antisuit injunction ordinarily should not issue until a final judgment is reached in one of the parallel proceedings, *id.* at 36, unless the party requesting the injunction can make a threshold demonstration that the parties in both suits are the same and resolution of the case before the enjoining court would be dispositive of the action. *Id.* If so, the district court then may examine five additional factors to determine whether a foreign antisuit injunction should issue: "(1) frustration of a policy in the enjoining forum; (2) the foreign action would be vexatious; (3) a threat to the issuing court's in rem or quasi in rem jurisdiction; (4) the proceedings in the other forum prejudice other equitable considerations; or (5) adjudication of the same issues in separate actions would result in delay, inconvenience, expense, inconsistency, or a race to judgment." *Id.* at 35 (citation omitted). In *China Trade*, the Second Circuit also indicated that, prior to issuing a final judgment, the court should give little or no weight to factors (2) and (5), but "the interests of comity [require that factors (1) and (3)] take on much greater significance," that is, "(A) whether the foreign action threatens the jurisdiction of the enjoining forum, and (B) whether strong public policies of the enjoining forum are threatened by the foreign action." *Id.* at 36.

Altai filed a timely petition for rehearing and suggestion for rehearing en banc that was denied on December 10, 1997. App. 150a. The mandate issued on December 15, 1997. App. 150-52a.

F. The Status Of The French Proceedings

Although CA's appeal was filed in the Cour d'Appel in Paris on April 25, 1995, a scheduling order did not issue until May 12, 1997. At present, final briefs in the French action are due on May 13, 1998, and oral argument has been set for June 18, 1998.

It is unlikely that a final judgment will be entered in France on CA's appeal before this Court has had the opportunity to consider fully the important question presented by this petition, since a question of law decided by a Cour d' Appel may be reviewed by the Cour de Cassation, the highest appellate court in France.[15]

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[15] The Cour de Cassation is comprised of a presiding judge and several divisional judges who oversee separate civil and criminal divisions to which over 100 judges are assigned. The presiding judge may assign a legal issue presented for review to a panel from a single division, although cases likely to create conflicts with earlier decisions may be referred to a *chambre mixte*, a panel from several divisions. The presiding judge also may assign a case to a plenary assembly of at least fifteen members. In an important or novel case, however, the presiding judge may convene a full session of all divisions. If the Cour de Cassation remands a decision to a Cour d'Appel, that court may retry the case on both question of fact and law "as it sees fit." *Nimmer & Geller, supra*, § 8[4], at FRA-118 n.274.1 (1991); Rene David, French Law: Its Structure, Sources, and Methodology at 42-46 (1972).

REASONS FOR GRANTING THE WRIT

When the Berne-Implementation Act became law, Congress recognized that, "other members [of the Berne Union] will expect from us a due and careful regard for their values; and, by the same token, other countries will have to consider the deeply felt legal, economic and social values reflected in American copyright law and which we believe are important elements of a responsible international copyright system." H.R. Rep. No. 80-609, 100th Cong., 2d Sess. 43 at 20 (1988). Many members of the Berne Convention, however, still do not recognize judgments issued by United States courts, nor do they recognize the elements of claim preclusion or value the principles of finality and repose that have a strong tradition in our law.

This Court has decided cases that discuss the relevance of international comity when a United States federal court exercises its powers. This Court also has decided cases that reaffirm the special importance of claim preclusion and the principles of finality and repose in American jurisprudence. This Court, however, has not had an appropriate opportunity--until now--to reconcile the conflict that arises between international comity, on the one hand, and the principles of finality and repose, on the other, when a district court must decide whether to grant a foreign antisuit injunction. This conflict is reflected in a well-established division among the United States Courts of Appeals regarding the standard that should be applied in granting a foreign antisuit injunction, a division that is entrenched and deepening.

There may have been a time when this conflict was of interest primarily to academics or to those courts that hear an occasional commercial case with "international law" issues. With the arrival of the Internet, that day is over. When infringing works are distributed over the Internet, causes of

action will arise in numerous Berne-member countries almost simultaneously. In each forum, copyright infringement litigation may be initiated. Therefore, when American parties submit worldwide copyright-infringement claims to a United States federal court that exercises jurisdiction to adjudicate those claims and enters a final judgment, it is important that the judgment be enforced to avoid collateral attack in seriatim litigation around the world. And, when the only recourse an American litigant has is to seek the protection of a foreign antisuit injunction from a United States federal court, there should be no lack of uniformity or ambiguity among the lower courts about the standard for granting it.

Thus, the question this case poses, only superficially concerns copyright or international law. In essence, it is a question of federal jurisdiction: When must a federal court hold that the need to enforce a final judgment entered under the laws of the United States outweighs concerns of international comity? Only this Court has the power to clarify, reconcile, and resolve this question.

I. There Is A Well-Established Division Among The United States Courts Of Appeals Regarding The Standard For Granting A Foreign Antisuit Injunction.

There is now a well-established division among the United States Courts of Appeals regarding the standard for issuing a foreign antisuit injunction and the weight that should be accorded international comity. Chief Judge Richard Posner of the Seventh Circuit, in *Allendale Mut. Ins. Co. v. Bull Data Sys.*, 10 F.3d 425, 431 (7th Cir. 1993), has observed that the federal courts of appeals tend either to follow a "strict" or "laxer approach" in their consideration of international comity.

Five of the courts of appeals have adopted what Judge Posner describes as a "strict" standard that "presume[s] a threat to international comity [exists] whenever an injunction is sought against litigating in a foreign court." The United States Courts

of Appeals for the First,[16] Second,[17] Third,[18] Sixth,[19] and District of Columbia Circuits[20] generally have embraced this approach. Although these circuits

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[16] *See Canadian Filters (Harwich) Ltd. v. Lear-Siegler, Inc.*, 412 F.2d 577, 578-79 (1st Cir. 1969) (finding that a foreign antisuit injunction should not issue unless a United States court "seeks to enforce its own substantial interests, or in limited circumstances when relitigation would cover exactly the same points, as, for example when both suits are in rem, and the burden of a second suit thus renders reliance on res judicata alone inappropriate").

[17] *Compare Computer Assocs. Int'l Inc. v. Altai, Inc.*, 126 F.3d 365 (refusing to issue a foreign antisuit injunction where a final judgment was entered, but was misconstrued to lack preclusive effect over claims subsequently litigated in a parallel foreign proceeding under foreign law) *with China Trade & Dev. Corp. v. M. V. Choong Young*, 837 F. 2d at 35-36 (refusing to issue an antisuit injunction where a final judgment had not been entered either by a United States or foreign court) *and United States v. Davis*, 767 F.2d 1025, 1039 (2d Cir. 1985) (affirming a district court's issuance of a foreign antisuit injunction where the purpose of the foreign proceeding was to block the discovery of evidence relevant to a trial in the United States).

[18] *See Compagnie de Bauxites de Guinea v. Insurance Co. of N. Am.*, 651 F.2d 877, 887 (3d Cir. 1981), *aff'd on other grounds*, 456 U.S. 694 (1982) (holding that "[d]uplicative and therefore harassing and vexatious" proceedings and delay do not "justify the breach of comity among the courts of separate sovereignties" and the issuance of an antisuit injunction).

[19] *See Gau Shan Co. v. Bankers Trust Co.*, 956 F.2d 1349, 1355 (6th Cir. 1992) (finding that two factors need to be considered before a foreign antisuit injunction could issue, i.e., whether the court's "jurisdiction is threatened" and whether "important public policies are being evaded" by the foreign proceeding).

[20] *See, e.g., Containers Ltd. v. Stena AB*, 890 F.2d 1205, 1214 (D.C. Cir. 1994) (holding that a foreign antisuit injunction may issue only when "the foreign action threatens the jurisdiction of the enjoining forum, and . . . strong public policies of the enjoining forum are threatened by the foreign action" (quoting *China Trade*, 837 F.2d 36)); *Laker Airways, Ltd. v. Sabena World Airlines*, 731 F.2d 909, 927 (D.C. Cir. 1984) (stating that injunctions "restraining litigants from proceeding in courts of independent countries are rarely issued," but affirming the issuance of a foreign antisuit injunction where the foreign proceeding would have interfered with an ongoing case brought under the United States antitrust laws).

nominally have adopted a standard that allows a foreign antisuit injunction to issue where a final judgment is first entered by a United States federal court, none has ever done so. As the Fifth Circuit recognized in *Kaepa, Inc. v. Achilles Corp.*, 76 F.3d 624 (5th Cir.), *cert. denied*, 117 S. Ct. 77 (1996), these circuits "have employed a standard that elevates principles of international comity to the virtual exclusion of essentially all other considerations." *Id.* at 627. The Second Circuit's opinion in the present case was no exception. *See Computer Assocs. Int'l Inc. v. Altai, Inc.*, 126 F.3d 365, 372 (2d Cir. 1997).

On the other hand, the United States Courts of Appeals for the Fifth,[21] Seventh,[22] and Ninth Circuits[23] have adopted

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[21] *See, e.g., Kaepa, Inc. v. Achilles*, 76 F.3d at 627 (holding that a foreign antisuit injunction should issue "to prevent vexatious or oppressive litigation"); *In re Unterweser Reederei, GmbH*, 428 F.2d 888, 896 (5th Cir. 1970), *aff'd on reh'g en banc*, 446 F.2d 907 (5th Cir. 1971), *vacated on other grounds sub nom. M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972) (granting a foreign antisuit injunction because "simultaneous prosecution of the same action in a foreign forum thousands of miles away would result in 'inequitable hardship' and 'tend to frustrate and delay the speedy and efficient determination of the cause'") (citation omitted); *Bethell v. Peace*, 441 F.2d 495, 498 (5th Cir. 1971) (affirming a foreign antisuit injunction "where the foreign suit was brought by a resident of the forum state against another resident of the state to evade a protection provided for the latter under forum law . . ., or where the foreign suit would be vexations in other respects." (quoting Albert E. Ehrenzweig, Conflicts of Law 129-30 (1962)).

[22] *See, e.g., Allendale Mut. Ins. Co. v. Bull Data Sys.*, 10 F.3d at 431-33 (granting a preliminary injunction that prohibited a French company from litigating a parallel proceeding in the French Commercial Court where the "only concern with international comity is a purely theoretical one that ought not trump a concrete and persuasive demonstration of harm to the applicant for the injunction . . . not offset by any harm to the opponent if it is granted"); *Phillips Med. Sys. Int'l v. Bruetman*, 8 F.3d 600, 605 (7th Cir. 1993) (stating that "perhaps nothing more than a duplication of the parties and the issues . . . where 'respect for a co-equal sovereign's jurisdiction is not implicated'" are sufficient grounds for the issuance of a foreign antisuit injunction) (citation omitted).

what Judge Posner describes as a "laxer standard," which allows a foreign antisuit injunction to issue before a final judgment is entered in one of the parallel proceedings "upon a finding that letting the two suits proceed would be gratuitously duplicative, or as the cases sometimes say 'vexatious and oppressive.'" *Allendale Mut. Ins. Co. v. Bull Data Sys.*, 10 F.3d at 431.

The Court of Appeals for the Eighth Circuit has not issued a definitive opinion adopting a standard for issuing a foreign antisuit injunction, but appears to lean toward the "laxer standard."[24] The Court of Appeals for the Eleventh Circuit also has not yet addressed this matter, but appears to lean toward the "strict standard," having affirmed the denial of a foreign antisuit injunction in partial reliance on a district court's concerns about "significant and substantial issues, of international comity and sovereignty."[25]

Today, in at least five of the circuits, a United States citizen must assume the significant financial burden and commercial uncertainty of litigating a parallel foreign

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[23] *See Seattle Totems Hockey Club, Inc. v. National Hockey League*, 652 F.2d 852, 856 (9th Cir. 1981), *cert. denied sub nom. Enterprises, Ltd. v. Seattle Totems Hockey Club, Inc.*, 457 U.S. 1105 (1982) (affirming a foreign antisuit injunction where adjudicating an issue "in two separate actions is likely to result in unnecessary delay and substantial inconvenience and expense to the parties and witnesses" and where "separate adjudication could result in inconsistent rulings"); *cf. Wood v. Santa Barbara Chamber of Commerce*, 705 F.2d 1515, 1524 (9th Cir. 1983), *cert. denied*, 465 U.S. 1081 (1984) (holding that courts have the power under the All Writs Act, 28 U.S.C. § 1651 (1976), to issue an injunction against repetitive litigation).

[24] *See e.g., Medtonic, Inc. v. Catalyst Research Corp.*, 518 F. Supp. 946 (D. Minn.), *aff'd*, 664 F.2d 660 (8th Cir. 1981) (affirming the entry of a preliminary antisuit injunction where no foreign judgment had been entered and the underlying dispute was determined by the trial court initially to have more contact with United States interests); *see also China Trade & Dev. Corp.*, 837 F.2d at 37-40 (Senior Circuit Judge Bright, sitting by designation, dissenting).

[25] *See Mutual Serv. Cas. Ins. Co. v. Frit Indus., Inc.*, 805 F. Supp. 919, 922 (M.D. Ala. 1992), *aff'd without opinion*, 3 F.3d 442 (11th Cir. 1993).

proceeding at least until a final judgment is obtained, either in the United States or in a foreign forum. None of these circuits, however, including the Second Circuit in this case, has ever issued an injunction under these circumstances.

In at least three, and perhaps four, of the circuits, however, a foreign antisuit injunction can be obtained by showing that the parallel proceeding imposes an unreasonable burden on the defendant.

This case provides a striking example of the injustice that the lack of uniformity among the circuits imposes on companies governed by the "strict standard." Had Altai been able to ask for a foreign antisuit injunction from a district court in its home state of Texas in the Fifth Circuit or from a district court where its parent is located in Illinois in the Seventh Circuit, Altai likely would have obtained an injunction in 1990, when CA's copyright-infringement action was filed in France.

Instead, Altai finds, after almost ten years of litigating in the courts of the United States and France, that the Second Circuit will not follow its prior rule that allowed a foreign antisuit injunction to issue; either when factors addressed in *China Trade*, *supra*, note 14 are present, or when a final judgment is entered by one of the courts. *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d at 372. App. 16a. The Second Circuit now appears to require not only that a prevailing United States defendant be subject to a final judgment entered under United States law, but also that it be confronted with a conflicting final judgment of a foreign court; the Second Circuit implies that only then will it be in a position to know whether its jurisdiction or the integrity of its final judgment is threatened. *Id.* App. 16a. ("[T]he injunction is not necessary to protect our jurisdiction or the integrity of our judgment.") And, even when a jurisdictional conflict is present, it is likely that a foreign antisuit injunction would not be granted because of the Second Circuit's long held conviction that the "interests of

comity caution against such an injunction." *Id.* App. 16a.[26] In a world where international commerce is the norm, this type of disparity among the United States Courts of Appeals simply cannot be tolerated.

II. The Court Should Resolve The Division By Establishing A Uniform Standard For Granting A Foreign Antisuit Injunction.

The Court has defined the policy of "international comity" as "respect for the capacities of foreign and transnational tribunals." *Mitsubishi Motors v. Soler Chrysler-Plymouth*, 473 U.S. 614, 629 (1985). In a recent dissenting opinion joined by Justices O'Connor, Kennedy, and Thomas in *Hartford Fire Ins. Co. v. California*, 509 U.S. 764 (1993), Justice Scalia observed that the lower courts often incorrectly use "international comity" and "comity" interchangeably:

> The 'comity' they refer to [citing several court of appeals cases, including *Laker Airways, Ltd. v. Sabena World Airlines*, 731 F.2d 909, 938, n.109 (D.C. Cir. 1984)] is not the comity of courts, whereby judges decline to exercise jurisdiction over matters more appropriately adjudged elsewhere, but rather what might be termed "prescriptive comity,": [i.e., "comity of nations"] the respect sovereign nations afford each other by limiting the [extraterritorial] reach of their laws.

Id. at 817 (complete citations omitted).

Neither of these cases, however, addresses what role "international comity" or "comity" should play, if any, *after* a United States federal court exercises its jurisdiction and enters a final judgment, and a United States citizen subsequently sues for a

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[26] Indeed, in this case, a foreign court already has declined to recognize the preclusive effect of the final judgment of a United States federal court, and the foreign court has exercised jurisdiction over CA's claims under French copyright law, claims that *could* have been adjudicated by the district court in 1990. *See* 28 U.S.C. § 1332.

foreign antisuit injunction to enforce the preclusive benefits of that judgment. *Cf. Laker Airways, Ltd. v. Sabena World Airlines*, 731 F.2d 909, 928 (D.C. Cir. 1984) ("When the injunction is requested after a previous judgment on the merits, there is little interference with the rule favoring parallel proceedings in matters subject to concurrent jurisdiction.")[27] Under the logic of Justice Scalia's taxonomy, once a federal court exercises subject-matter jurisdiction and a final judgment is entered, "prescriptive comity" no longer appears to be relevant and an antisuit injunction should issue, unless the federal court did not have diversity jurisdiction over the subject matter and the consequent ability to adjudicate questions of foreign law. *See* 28 U.S.C. § 1332.

In contrast to the ephemeral nature of comity, claim preclusion and the associated principles of finality and repose are well known in American jurisprudence. *See, e.g., Nevada v. United States*, 463 U.S. 110, 129 (1983); *Federated Dep't Stores, Inc. v. Moitie*, 452 U.S. 394, 401 (1981); *Montana v. United States*, 440 U.S. 147, 153 (1979). As Justice Rehnquist has stated, these principles serve:

> vital public interests beyond any individual judge's ad hoc determination of the equities in a particular case. There is simply "no principle of law or equity which sanctions the rejection by a federal court of the salutary principle of res judicata" . . . . This Court has long recognized that "[p]ublic policy dictates that there be an end of litigation; that those who have contested an issue shall be bound by the result of the contest and that matters once tried shall be considered forever settled as between the parties" . . . . We have stressed that "[the] doctrine of res judicata is not a mere matter of practice or procedure inherited

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[27] The Court, however, has considered the role of "international comity" when a United States federal court is asked to enforce a foreign judgment. *See Hilton v. Guyot*, 159 U.S. 113 (1895) (refusing to enforce a French judgment on grounds of "comity" where the French courts failed to give reciprocity to a final judgment entered by a United States court).

> from a more technical time than ours. It is a rule of fundamental and substantial justice."

Federated Dep't Stores, Inc. v. Moitie, 452 U.S. at 401 (citation omitted).

Judge Posner has attempted to reconcile "comity" concerns with the objectives of claim preclusion -- finality and repose -- by suggesting two bright-line rules that the lower courts can apply when considering the merits of a foreign antisuit injunction. First, "where inability to plead res judicata might deprive [a United States citizen] of the benefit of its judgment, considerations of comity [should] not prevent a federal court, even under the strict cases, from enjoining [a United States citizen] from proceeding, in defiance of [a United States final] judgment, in a foreign court." *Allendale Mut. Ins. Co. v. Bull Data Sys. Inc.*, 10 F.3d at 433; *see also Laker Airways, Ltd. v. Sabena World Airlines*, 731 F.2d at 926 (stating that "the fundamental corollary to concurrent jurisdiction [*i.e.*, recognition of the preclusive effect of a final judgment] must ordinarily be respected."); Gary B. Born, *International Civil Litigation in United States Courts* 489 n.16 (1996).

Second, Judge Posner suggests that "it is reasonable to ask the opponent [of a foreign antisuit injunction] for some indication that the issuance of an injunction really would throw a monkey wrench, however small, into the foreign relations of the United States. A representation by the [United States] State Department would be one method of conveying such information. A representation by the foreign office of [the foreign government] or by the [foreign government's proper agent] would be another." *Allendale Mut. Ins. Co. v. Bull Data Sys. Inc.*, 10 F.3d at 431. Judge Posner suggests that this minimal requirement of an evidentiary proffer could help the district courts sort out cases that raise a legitimate concern of international comity from those where the concern is "a purely theoretical one that ought not trump a concrete and persuasive demonstration of harm to

the applicant for the injunction, if it is denied, not offset by any harm to the opponent if it is granted." *Id.* at 433.

Whether the appropriate standard for issuing an antisuit injunction should be the "strict" or "laxer" rule, either of Judge Posner's proposed rules of reconciliation, or another rule, *see e.g.*, Restatement (Third) of Foreign Relations Law of the United States § 421 (1987), it is clear that this matter is ripe for the Court's review and resolution, since "the discretionary character of comity as applied by U.S. courts is already highly unpredictable, and therefore destabilizing for private expectations." *See* Joel R. Paul, *Comity in International Law*, 32 Harv. Int'l L.J. 1, 76 (1991).

III. The Court Should Clarify That The Berne-Implementation Act Did Not Change United States Law.

The Court's review is also required to clarify that the Berne-Implementation Act did not change United States law. *See* 17 U.S.C. § 104(c) (1994). In failing to recognize this, the Second Circuit's opinion dangerously departs from traditional jurisdictional moorings. It permits the owner of a United States copyright that first elects to submit the totality of its copyright claims to a United States federal court also to litigate those claims to finality in the courts and under the laws of another Berne member, even where a United States federal court first entered a final judgment settling all claims that were or could have been adjudicated under United States law. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d at 372, App. 15-16a. The Second Circuit's confusion appears to be grounded in a fundamental misperception about the effect of the Berne Convention on United States law, although that relationship is addressed in the Berne-Implementation Act, which the opinion notably ignores. *See* 17 U.S.C. § 104(c) (1994).

A. The Jurisdiction Of A United States Federal Court To Adjudicate Worldwide Claims of Copyright-Infringement Was Not Changed.

The Berne-Implementation Act clearly did not affect the extraterritorial limits of the United States Copyright Act. 17 U.S.C. § 104(c) (1994); *see also Subafilms, Ltd. v. MGM - Pathe Communications Co.*, 24 F.3d 1088, 1095 (9th Cir. 1994) (en banc); *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 249 n.5 (4th Cir. 1994); *see also EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) ("We assume that Congress legislates against the backdrop of the presumption against extraterritoriality."). Therefore, the jurisdiction of a United States federal court to adjudicate worldwide claims of copyright infringement under United States law is dependent upon satisfying one of the two recognized exceptions to this rule: (1) where the infringing technology originated in the United States and "the type of infringement permits further reproduction abroad," *see Update Art, Inc. v. Modiin Publ'g, Ltd.*, 843 F.2d 67, 73 (2d Cir. 1988); and (2) "if copyright infringement occur[s] within the United States, the plaintiff may be entitled [under United States law] to recover the defendant's profits accruing from exploitation of the work anywhere in the world." 4 *Nimmer on Copyright* § 17.02, at 17-21; *see also id.* at § 14.05, 14-96 (noting rule that "when an infringing work is produced in the United States the copyright owner acquires an equitable interest therein as soon as it comes into being, and that the work is thereafter impressed with a constructive trust so that the plaintiff is entitled to profits accruing from the exploitation of the work anywhere in the world") (citing *Robert Stigwood Group, Ltd. v. O'Reilly*, 530 F.2d 1096 (2d Cir. 1976)); *Sheldon v. Metro-Goldwyn-Mayer Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939) (L. Hand, J.), *aff'd*, 309 U.S. 390 (1940). Both of these exceptions were satisfied in this case.

In addition, the Berne-Implementation Act did not change a United States federal court's jurisdiction under 28 U.S.C. § 1332 to adjudicate copyright-infringement claims

arising under foreign law,[28] where the court has diversity jurisdiction over the parties. *See Nimmer on Copyright*, *supra*, § 17.03, at 17-22; Paul Goldstein, Copyright Principles, Law & Practice § 16.3 at 682-84 (1994 Supp.); *see also London Film Prods. Ltd. v. Intercontinental Communications, Inc.*, 580 F. Supp. 47 (S.D.N.Y. 1984); *cf. Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947) (holding that a "plaintiff's choice of forum should rarely be disturbed."). The district court also had diversity jurisdiction in this case.

B. The Preclusive Effect Of A Final Judgment Was Not Changed.

The Berne-Implementation Act also did not change the application or effect of the ordinary rules of United States practice and procedure. Certainly the Second Circuit is correct that the plaintiff is under no obligation to amend its complaint "to assert a new claim based on actionable conduct which the defendant engaged in after a lawsuit is commenced," *see* App.11a, however, under United States law, the doctrine of "'claim preclusion' prevents 'splitting' and requires all grounds upon which a single claim is based to be asserted and included in one action, on pain of being barred from separate suit."

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[28] The Second Circuit held that CA should be allowed to "pursue its rights in France," but the court fails to identify what these "rights" are. *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d at 372. App. 16a. Since French copyright law includes so-called "moral rights," which are not part of a United States copyright under United States law, the actions of a United States federal court exercising its power to allow the owner of a United States copyright to pursue these "rights" appears to directly contradict the Berne-Implementation Act. ("*Any rights* . . . that derive from this title . . . *shall not be expanded* or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto." See 17 U.S.C. § 104(c) (1994) (emphasis added.) App. 172a. No court in the United States has held that the Berne-Implementation Act allows the owner of a United States copyright to pursue the full substantive content available under the copyright laws of each and every Berne member. *See Sony Corp. v. Universal City Studios*, 464 U.S. 417, 431 (1984) ("The remedies for infringement 'are only those prescribed by Congress.'") (citation omitted).

Charles Alan Wright, Law of Federal Courts 562 (5th ed. 1994)(citing Restatement (Second) of Judgments §§ 22-26 (1982)). Therefore, when claims of worldwide copyright infringement are submitted to a United States federal court for adjudication and a final judgment is entered under the laws of the United States, as happened in this case, all claims, including those that *could* have been brought under foreign law, are merged into the final judgment. *See* Restatement (Second) of Judgments § 26(1)(c) cmt. c (1982) (indicating that the claim includes "any theories of recovery or demands for relief that might have been available . . . under applicable law."); 18 Charles Alan Wright, Arthur R. Miller & Edwin H. Cooper, Federal Practice and Procedure § 4411, at 86-87 (1981) ("A second action may be precluded on the ground that the same claim or cause of action was advanced in the first action even though a different source of law is involved. Claim preclusion may apply to theories advanced under . . . the law of different sovereigns.").

The Second Circuit's opinion, however, flatly ignores the preclusive effect of a final judgment entered under United States law when it implies that conflicting final foreign judgment needs to exist before a federal court can decide whether a foreign antisuit injunction is needed. *See Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d at 372. App. 16a. This invites, if not encourages, the creation of conflicting judgments among international courts,[29] and diminishes, if not eliminates, repose in international copyright cases.

The Court should not wait to see if other courts decide to follow the Second Circuit because the opinion today imposes an unnecessary and unreasonable burden on interstate and international commerce and is further inconsistent with the core objective of the Berne Convention: "development of 'effective and harmonious' copyright laws among all nations."

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[29] *See* Joel R. Paul, *Comity in International Law*, 32 Harv. Int'l L. J. 1, 75 (1991). ("[C]ourts in the United States should not . . . recognize foreign jurisdiction when the consequence would be adverse to domestic legislation or important public policies.")

H.R. Rep. No. 80-609, 100th Cong., 2d Sess. 43, at 20 (1988); *see also Societé Nationale Industrielle Aérospatiale v. United States District Court*, 482 U.S. 522, 567 (1987) (Blackmun, J., concurring in part and dissenting in part) ("A functioning system for solving disputes across borders serves many values, among them predictability, fairness, ease of commercial interactions, and 'stability through satisfaction of mutual expectations.'") (citation omitted). Allowing a dissatisfied American plaintiff to litigate copyright infringement claims -- from country to country to country within the Berne Union-- that were first settled by a final judgment under United States law, can only result in confusion, conflict, disruption, and disarray among international courts and in international commerce.

Finally, for a federal court to require that a United States citizen must obtain a judgment from a foreign court--applying foreign law to a dispute already settled as a matter of United States law-- before a federal court can determine whether a foreign antisuit injunction is necessary, will only undermine confidence in the authority of *our* courts, which are required first to enforce the laws of the United States as the "Supreme Law of the Land." U.S. Const. Article VI, cl. 2; *see also* 17 U.S.C. § 104(c) (1988); Berne-Implementation Act §§ 2-3; S. Rep. No. 100-352, 100th Cong., 2d Sess., at 38-39 (1988), (emphasizing that "the United States' obligations under Berne may be performed only pursuant to domestic law."); *cf. Volkswagenwerk v. Schlunk*, 486 U.S. 694, 716 (1988) ("Our Constitution does not, however, bind other nations haling our citizens into their courts.").

CONCLUSION

Years ago, dissenting from a short-lived decision of this Court, Justice Reed, joined by Chief Justice Stone, Justice Douglas, and Justice Roberts, lamented that

> a federal judgment entered perhaps after years of expense in money and energy and after the production of thousands of pages of evidence comes to nothing that is final. It is to be only the basis for a plea of res judicata which is to be examined by another court, unfamiliar with the record already made, to determine whether the issues were or were not settled by the former adjudication.

Toucey v. New York Life Ins. Co., 314 U.S. 118, 144 (1941).

The result may well have been required by the statute as it was then written, as the *Toucey* majority thought, but the consequences of this result were not tolerable. Shortly thereafter, Congress rewrote the statute in question, the Anti-Injunction Act, expressly to allow a federal court to enjoin state-court proceedings "to protect or effectuate its judgments." 28 U.S.C. 2283, as amended in 1948. The Reviser's Note to the 1948 Judicial Code cited the "vigorous dissenting opinion" in *Toucey* and said that the amended statute "restores the basic law as generally understood and interpreted prior to the *Toucy* [sic] decision." H.R. Rep. No. 100-308, 80th Cong., 1st Sess., at A181-A182 (1947).

Under the holding of the Second Circuit in this case, once again a federal judgment comes to nothing that is final, and this time to be examined by courts that are not bound by the Full Faith and Credit Clause and may well not give effect to a final judgment of a United States court. Here no Act of Congress stands in the way of enforcing the federal judgment. Indeed the relevant statute, the Berne-Implementation Act, points the way toward doing so.

If indeed the principles of comity among nations are so strong a barrier that the judgment of a federal court is to have such little effect, this Court should be the one to say so.

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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